

JPMorgan Chase

DEFERRED PROSECUTION AGREEMENT

TERMS AND CONDITIONS

JPMC has agreed to:

- **Waive indictment and to the filing of a two-count felony Information, charging JPMC with violations of the Bank Secrecy Act**
- **Acknowledge responsibility for its conduct by stipulating a detailed Statement of Facts**
- **Pay a non-tax deductible penalty of \$1.7 billion, in the form of a civil forfeiture, which the Government intends to distribute to the victims of the Madoff fraud**
- **Various cooperation obligations, including in connection with the ongoing investigation of the fraud at Madoff Securities, an obligation to report any criminal conduct by any employee and to report to this Office any BSA-related investigation or proceeding, and to commit no federal crimes**
- **Continued reform of its Bank Secrecy Act/Anti-Money Laundering compliance programs and procedures**

Selected Events in JPMorgan Chase's Bank Secrecy Act Violations

Madoff engaged in questionable round-tripping transactions. Another U.S. bank files a SAR and closes Madoff's account.

JPMC predecessor allows activity to continue.

1994 - 2003

Senior JPMC executive to JPMC Chief Risk Officer:
"There is a well-known cloud over the head of Madoff and that his returns are speculated to be part of a ponzi scheme."

June 2007

Oct. 2008 – Dec. 2008
JPMC redeems more than \$275 million of its own money.

JPMC's UK Report:
Returns **"appear too good to be true – meaning that it probably is."**

Oct. 29, 2008

Dec. 1998

JPMC fund manager:
Returns **"possibly too good to be true"** and **"too many red flags"** to invest.

Oct. 16, 2008

JPMC London memo:
"There are various elements in the story that could make us nervous," including whether the **"assets actually exist and are properly custodied."**

Dec. 11, 2008

Madoff arrested.
Supervisor of JPMC analyst who wrote the Oct. 16 Memo:
"Can't say I'm surprised, can you?"
Analyst confirms, **"No."**